



Director of  
Central  
Intelligence

~~Secret~~

**CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED  
1999**

**Soviet Policy Toward the West  
The Gorbachev Challenge**

National Intelligence Estimate

*This Estimate represents the views  
of the Director of Central Intelligence  
with the advice and assistance of the  
US Intelligence Community.*

~~Secret~~

NIL 1: 4 189  
April 1989

Copy 563

Warning Notice

Intelligence Sources  
or Methods Involved  
(WNINTEL)

National Security  
Information

Unauthorized Disclosure  
Subject to Criminal Sanctions

Dissemination Control  
Abbreviations

NOFORN (NF)	Not releasable to foreign nationals
NOCONTRACT (NC)	Not releasable to contractors or contractor/consultants
PROPIN (PR)	Caution—proprietary information involved
ORCON (OC)	Dissemination and extraction of information controlled by originator
REL...	This information has been authorized for release to...
WN	WNINTEL—Intelligence sources or methods involved

A microfiche copy of this document is available from OIR/DLB (482-7177); printed copies from CPAS/IMC (482-5203; or AIM request to userid CPASIMC).

Classified by 0534769  
Declassify: OADR  
Derived from multiple sources

All material on this page  
is Unclassified.



Director of  
Central  
Intelligence

~~Secret~~

NIE 11-4-89

## Soviet Policy Toward the West: The Gorbachev Challenge

*Information available as of 17 April 1989 was used  
in the preparation of this Estimate.*

*The following intelligence organizations participated  
in the preparation of this Estimate:*

The Central Intelligence Agency  
The Defense Intelligence Agency  
The National Security Agency  
The Bureau of Intelligence and Research,  
Department of State  
The Intelligence Division,  
Federal Bureau of Investigation

*also participating:*

The Deputy Chief of Staff for Intelligence,  
Department of the Army  
The Director of Naval Intelligence,  
Department of the Navy  
The Assistant Chief of Staff, Intelligence,  
Department of the Air Force  
The Director of Intelligence,  
Headquarters, Marine Corps

*This Estimate was approved for publication by the  
National Foreign Intelligence Board.*

~~Secret~~

April 1989

## Key Judgments

---

Dramatic changes in approach to the West under Soviet leader Gorbachev are driven by economic and social decay at home, a widening technological gap with the West, and a growing realism about trends in the outside world. For the foreseeable future, the USSR will remain the West's principal adversary. But the process Gorbachev has set in motion is likely to change the nature of the Soviet challenge over the next five years or so:

- New Soviet policies will threaten the security consensus developed in the West to combat Soviet expansionism.
- The Soviets are likely to succeed to a degree in undercutting support abroad for defense programs and in reducing political barriers to Western participation in their economic development.
- At the same time new policies will make Moscow more flexible on regional issues and human rights and pave the way for a potentially significant reduction of the military threat.
- Alliance cohesion will decline faster in the Warsaw Pact than in NATO, giving the East Europeans much greater scope for change.

We believe Moscow wants to shift competition with the West to a largely political and economic plane. In order to prepare the ground for such a shift, Soviet leaders are making major policy changes and promoting a broad reassessment of the West.

These new policies serve domestic as well as foreign policy needs:

- They aim to create an international environment more conducive to domestic reform and to undermine the rationale for high defense budgets and repressive political controls.
- They are seen as more effective than past policies in advancing Soviet foreign interests.

There are limits on how far the new Soviet leadership wants to go in the direction of a less confrontational East-West relationship:

- Vigorous efforts to protect and advance Soviet geopolitical interests and selective support for Communist regimes and revolutionary movements will continue.
- Moscow will continue to employ active measures and covert efforts to advance its objectives. Foreign intelligence activity is likely to increase.

~~Secret~~

Given the turmoil unleashed by the reform process, we cannot predict policy trends during the period of the Estimate with high confidence. Nevertheless, we believe that Gorbachev is likely to stay in power and that the reform effort is more likely than not to continue. If so, we believe the following developments are probable:

- *Military power.* While increasing so far under Gorbachev, Soviet defense spending will decline significantly in real terms. Moscow will maintain vigorous force modernization programs and a strong R&D effort in key areas, but production and procurement of many major weapons will decline. Gorbachev is likely to make further concessions to achieve a START agreement, show flexibility on chemical weapons, and take further steps to trim and redeploy Soviet conventional forces—moving unilaterally if necessary.
- *The Western Alliance.* Moscow will attempt to translate its more benign image into expanded credits, trade, and technology sales and reduced support for defense spending and force modernization in Western Europe. While trying to reduce US influence and military presence, Moscow does not see an abrupt unraveling of current Alliance arrangements as serving Soviet interests.
- *Third World competition.* The Soviets will seek to expand their influence and continue support to leftist causes deemed to have some future. But they will be more careful to consider how such moves affect broader Soviet interests, including relations with the West. They will encourage their clients to make economic and political reforms and seek Western aid. It is highly unlikely that Moscow will become directly involved in military support to another leftist seizure of power in the Third World as it did in the 1970s.

#### *Alternative Scenarios*

We see a number of developments that—while unlikely—could disrupt current trends and push Gorbachev onto a different course:

- A widespread crackdown on unrest at home or in Eastern Europe would probably trigger a reescalation of East-West tensions, causing Gorbachev to tack in a conservative direction. A shift of this sort would limit Gorbachev's freedom of maneuver in negotiations and his ability to transfer resources away from defense.
- Were nationality unrest to threaten central control or the territorial integrity of the country, we see a risk that the leadership would revert to more hostile rhetoric and policies toward the West in an attempt to reunify the country.

~~Secret~~

Gorbachev's removal—unlikely but not to be ruled out—would have a significant impact:

- A more orthodox regime would slow the pace of change, be more supportive of military interests and leftist allies abroad, and eschew unilateral arms control concessions.
- We see little chance that a successor leadership would completely roll back Gorbachev's policies or revert to a major military buildup and aggressive policies in the Third World.

### *Disagreements*

There is general agreement in the Intelligence Community over the outlook for the next five to seven years, but differing views over the *longer term* prospects for fundamental and enduring change toward less competitive Soviet behavior:

- Some analysts see current policy changes as largely tactical, driven by the need for breathing space from the competition. They believe the ideological imperatives of Marxism-Leninism and its hostility toward capitalist countries are enduring. They point to previous failures of reform and the transient nature of past "detentes." They judge that there is a serious risk of Moscow returning to traditionally combative behavior when the hoped for gains in economic performance are achieved.
- Other analysts believe Gorbachev's policies reflect a fundamental rethinking of national interests and ideology as well as more tactical considerations. They argue that ideological tenets of Marxism-Leninism such as class conflict and capitalist-socialist enmity are being revised. They consider the withdrawal from Afghanistan and the shift toward tolerance of power sharing in Eastern Europe to be historic shifts in the Soviet definition of national interest. They judge that Gorbachev's changes are likely to have sufficient momentum to produce lasting shifts in Soviet behavior.

### *Indicators*

As evidence of Moscow's progress over the next two to three years toward fulfilling the promise of more responsible behavior, we will be watching for:

- Soviet acceptance of real liberalization in Eastern Europe.
- Full implementation of announced force reductions.
- A substantial conversion in the defense industry to production for the civilian economy.

### *The Soviet World View in Flux*

*From the days of Lenin, Soviet policy toward the West has been shaped by a body of ideological dogma centered around negative images of the West and the necessity of a long-term struggle by the "socialist camp" against the West. These tenets have pictured the West as in an inevitable state of decline and forced relentlessly toward militarization to shore up its position. They have depicted East-West relations as based on unremitting class struggle, leaving little or no common ground for cooperation.*

*Tensions in Moscow over how far to go in seeking accommodation with the West have been reflected in disputes over how much change is called for in this traditional world view:*

- Gorbachev and his reform-minded allies believe that significant revisions are required to provide a long-term basis for a less conflictual relationship with the West—a shift they believe is essential to their efforts to modernize the country. They argue that capitalism remains in a robust state of health, that it is not inherently militaristic, and that the West can rise above a narrow class-based approach to relations with the Communist Bloc. While reaffirming the continuing relevance of class analysis, they are seeking to diminish the centrality of class conflict to East-West relations and assert the overriding importance of "universal human values."*
- More orthodox leaders, such as senior party secretary Ligachev, accept the need for reduced tensions with the West and for some ideological adjustments. But they are skeptical about the feasibility of seeking a fundamentally less conflictual relationship and believe a more limited accommodation will suffice. They believe the reformers are going too far in tampering with fundamental tenets of socialism and are resisting the effort to revise traditional notions about class struggle, capitalism and the threat it poses, and the nature of the East-West relationship.*

We believe that, over the longer term, the most reliable guarantees of enduring change will be in the institutionalization of a more open society and relationship with the outside world:

- The establishment of a more pluralistic and open decisionmaking process on foreign policy and defense issues.
- Progress toward the rule of law and a significant relaxation of barriers to free travel and emigration.

~~Secret~~

# Contents

---

	<i>Page</i>
Key Judgments	iii
Discussion	1
Soviet Objectives Under Gorbachev	1
How Moscow Views Its Current Predicament	2
Changing Strategy Toward the West	4
Military Power and Arms Control	6
Policy Toward the Western Alliance	11
Competition in the Third World	12
Prospects for Gains and Losses	15
Implications for Western Policy	18
Indicators of Enduring Change	20

~~Secret~~



## Discussion

---

### Soviet Objectives Under Gorbachev

The dramatic changes in approach to the West under General Secretary Gorbachev are driven by reinforcing domestic and foreign objectives:

- Domestically, Soviet leaders appreciate that, for decades if not generations, the main goal will be reforming and modernizing the Soviet political and economic system. They want to create an era of reduced tensions and expanded relations with the Western powers that will facilitate this task.
- Equally important, these changes are viewed as essential in their own right for strengthening Moscow's international position, advancing its claim to a global superpower role, and—ultimately—reviving the credibility of socialism as a model of development.

Traditional objectives continue to influence Soviet policy toward the West. Moscow remains committed to:

- Eroding NATO cohesion and US influence in Western Europe.
- Undermining support for the US military presence overseas.
- Selectively backing Communist and other leftwing causes around the globe.

But under Gorbachev, more clearly than before, Soviet leaders recognize that in pursuing such objectives they have often done more harm than good for broader Soviet interests by antagonizing adversaries and drawing them closer together, by encouraging military buildup, and, in some respects, by reducing Soviet security. Moreover, the Soviets appreciate that, in the current situation, maintaining good relations with the West assumes an even higher priority:

- Reduced tensions will promote trends abroad that diminish Western defense efforts and reduce the cohesion of opposing alliances.

- Formal or informal limitations on the arms competition will enable Moscow to maintain an acceptable military balance while reducing defense spending and diverting resources to the civilian economy.

- Expanded trade and economic ties, in the long run at least, will be important to the success of economic revival.

We believe there is a broad consensus in the Soviet leadership in support of these objectives that will persist through the time frame of this Estimate. Nevertheless, the relaxed constraints on political expression under Gorbachev have revealed even more clearly than before the sharp divisions and wide-ranging debate that persist over the extent of the accommodation with the West that Moscow should seek:

- At one end of the spectrum, reformers appear to believe that only a decisive break with the confrontational mentality of the past and a much more extensive engagement on arms control, economics, and global political issues will avert impending crisis and ensure the renewed competitiveness of the country.
- At the other end, many orthodox members of the elite agree that the USSR needs "breathing space" but believe that a more limited and tactical accommodation would suffice. These officials represent a coalition of Russian nationalists, old-line Marxist-Leninist internationalists, and conservative bureaucrats alarmed by Gorbachev's rejection of traditional principles.

The extent to which Moscow shifts toward an accommodation with the West will depend in part on how this debate is resolved. Nevertheless, most analysts believe that the process Gorbachev has set in motion—if it continues—is likely to lead to lasting changes in Soviet international behavior whether or not that is the current leadership's intention.

### *Is Gorbachev's "Detente" Different?*

*This is not the first time that a Soviet leader has attempted to introduce liberalizing reforms at home or move toward detente abroad. The limited impact of these previous attempts at reform and the strong cultural barriers to change in the USSR suggest caution in predicting success for the current round of reforms. But we believe Gorbachev's efforts are far more comprehensive than those attempted by Khrushchev or Brezhnev. At the same time, the domestic and international factors compelling the process forward are now more substantial:*

- Khrushchev ended mass terror, exposed Stalin's excesses, and periodically reorganized the Soviet bureaucracy. But—with the economy growing at the fastest rate in Soviet history—he saw no need to alter the fundamentals of the command economy or the political system. Gorbachev and his allies—faced with domestic crisis—are challenging the ideology and institutions of the Stalinist system itself and groping toward something radically different to replace them.*
- Khrushchev made some dramatic initiatives in foreign and defense policy (agreeing to a peace treaty with Austria and slashing Soviet ground forces by over 2 million men) and modified traditional doctrine in some areas (discarding Stalinist dogma on the inevitability of war). But with optimism on the rise about the USSR's ability to overtake the United States and the advance of Communism in the Third World, the*

*pressures for change were limited. Khrushchev introduced a new competitiveness in East-West relations and directly challenged US security interests in West Berlin and Cuba. Gorbachev's ideological revisions—by questioning traditional notions about the West's inherently militaristic nature and the centrality of class struggle to East-West relations—go well beyond those of Khrushchev.*

- Efforts to reform the economy under Brezhnev were more shallow and narrower in scope, lacking in particular any serious effort to address necessary political and social reforms. In the 1970s, Brezhnev saw detente as permitting a more assertive thrust in the Third World while easing pressure for fundamental domestic reform. Gorbachev, on the other hand, seeks reduced tensions to facilitate thoroughgoing and probably wrenching changes at home.*
- Gorbachev faces very different pressures from Soviet society than his predecessors—a population better educated, more demanding, and more knowledgeable about the outside world. Global trends—the information and technological revolution—are also impelling the leadership toward change more strongly now than in the 1950s and 1960s. Gorbachev's reforms have accentuated these trends by reducing the barriers that have inhibited political expression and sealed Soviet society off from Western influence.*

### **How Moscow Views Its Current Predicament**

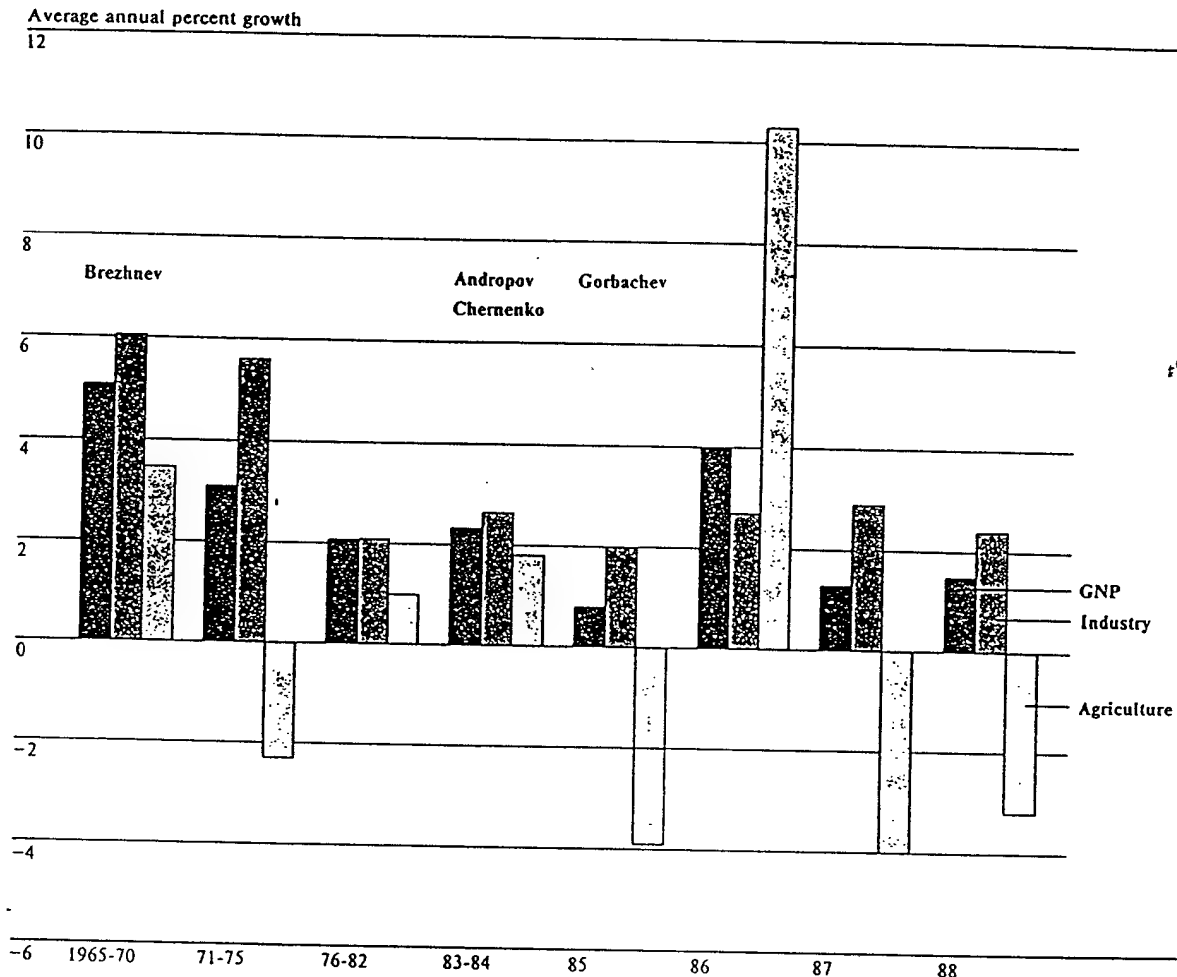
Moscow's willingness to undertake potentially wrenching changes derives from a growing appreciation that the USSR faces a looming systemic crisis and the prospect of falling further behind the major Western powers economically and technologically:

- Gorbachev himself has consistently underscored the gravity of the problem the USSR faces and used it to justify his increasingly radical reforms. [ ]

[ ] In May 1986, Gorbachev asserted that the USSR needed *perestroika* simply to survive—if it failed, the USSR would become a third-rate power and the cause of socialism would be imperiled.

- Economic stagnation has frayed the social fabric at home and undermined Moscow's claims to super-power status abroad.

Figure 1  
Soviet Economic Performance Under Gorbachev and His Predecessors



Unclassified

321381 4-89

- The Soviet leadership is increasingly doubtful about the military's ability over the long run to keep pace with Western technological advances, in particular the long-term impact that the US SDI program and its spinoffs could have on Soviet military strategy.
- The technological dilemma also inhibits the USSR's ability to become a global economic player at a time when the Soviet Bloc is less able to sustain itself with its own resources and Soviet industry is finding it increasingly difficult to provide goods in sufficient quantities and of competitive quality.

~~Secret~~

New approaches to the West are also fueled by international factors quite independent of the USSR's internal weakness:

- Recognition of Moscow's responsibility for a series of foreign policy failures and a growing realism about trends in the outside world.
- The irrelevance of traditional Marxist dogma to current global trends.
- The continuing vitality of the Western economies, the hollow ring of Moscow's former talk about the "growing crisis of capitalism," and the need to borrow from the Western experience.
- China's growing ties to the capitalist world and increased use of market principles in its economy.
- The burden of empire; states that have emulated the Soviet model (Cuba, Vietnam, East European countries) are expensive to support and suffer from endemic economic malaise similar to the USSR.
- The declining appeal of Communist ideology in the West as well as the Third World.

#### Changing Strategy Toward the West

The USSR's growing domestic and foreign troubles have served to discredit the lingering legacy of isolation and autarky and have led to major changes in foreign and national security strategy. Reformers who believe a much broader-based engagement of the West is necessary to turn things around have been given authority to reshape the Soviet approach:

- Gorbachev and his allies have concluded that only a significant shift away from past thinking about East-West relations and toward less confrontational international behavior will produce the decisive improvement in relations with the West that they need.

Soviet leaders have launched a wide-ranging reassessment of the West and the prospects for improving East-West relations:

- They are redefining the USSR's national security calculus, linking security with long-term modernization of the Soviet industrial base and playing down the perceived military threat from the West.
- They have substituted new doctrinal precepts to govern Soviet foreign and defense policy, diminishing the centrality of class conflict to East-West relations, abjuring the notion that Moscow could win a nuclear war, and challenging the high-priority claim that the military has had on resources.
- In order to justify such an approach to the domestic audience, reformers in the foreign policy establishment have launched a systematic attack in the Soviet media on stereotypical thinking that has exaggerated the military threat, ignored the nonmilitary dimensions of national security, and obscured Soviet backwardness by minimizing economic and social progress in the West.

Although this shift in strategy toward the West is borne in large measure out of weakness, it also has an offensive intent:

- It is seen in Moscow as an effective means to eliminate the USSR's "enemy image" that has cemented Western unity, fueled support for defense programs, and sustained resistance to expanded cooperation with the East.
- Given the likelihood that solving the USSR's domestic problems will take decades if not generations, Soviet leaders appreciate that they can score gains far more quickly on the foreign policy front. In effect, new strategies toward the West are a means for Moscow to improve its competitive position in the short run through political means while waiting for domestic reforms to take effect.

~~Secret~~

~~Secret~~

#### Attitude Toward International Organizations

Moscow's new international strategy has led it to attach growing political importance to the United Nations and other international organizations beyond the traditional emphasis on propaganda and intelligence collection:

- The Soviets have adopted a more businesslike, less polemical stance toward participation in UN bodies; for example, accepting compulsory jurisdiction of the International Court of Justice in implementing international human rights agreements.
- Moscow has adopted a philosophy toward the United Nations that places more emphasis on substantive proposals. Where it formerly sought to keep the United Nations at arm's length on serious questions, Moscow is now advocating an increased role for the world body in resolving regional conflicts and monitoring international agreements.
- Soviet leaders calculate that, through a more extensive UN role, they can expand their global involvement and constrain US unilateral actions, thus compensating in part for inherent political and economic weaknesses that continue to limit their ability to play a global superpower role.

#### International Economic Strategy

The far-reaching campaign to reorganize the foreign trade and financial sectors and increase the USSR's role in world economic affairs is an integral part of Moscow's changing global strategy.<sup>1</sup> Gorbachev sees this campaign as important to the success of *perestroika* over the longer term. Nonetheless, he is aware of the risks of overindebtedness and exposing the Soviet economy to the vagaries of the international market. He remains determined to find indigenous solutions to Moscow's problems:

- We expect Moscow to continue taking incremental steps to create conditions for more extensive involvement in the global economy and to open the Soviet economy to some foreign participation and competition.

<sup>1</sup> For a fuller treatment of Soviet economic prospects, see NIE 11-23-88, *Gorbachev's Economic Programs: The Challenges Ahead*, December 1988.

- We believe Soviet leaders want eventually to make the ruble convertible with Western currencies and are beginning to take some steps in this direction. They see full convertibility as the culmination of the reform process, however, and are unlikely to complete the process until at least the late 1990s.

Soviet interest in international organizations such as the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund (IMF) signals Moscow's hope to become fully involved in the international economic and financial community:

- Moscow is probably most interested in becoming a party to GATT rules and negotiations as part of its long-term effort to expand foreign trade and reduce barriers to the export of Soviet products.
- Discussions with the IMF and the World Bank will remain more exploratory in nature.

#### Continuing Traditional Behavior

Soviet leaders want to move away from strategies that led to and fueled the Cold War. But there are limits on how far Soviet policy is likely to evolve toward a less confrontational relationship. Even the reformers in the leadership continue to see the East-West relationship as adversarial:

- Despite the changes in Soviet thinking, ideological and geopolitical differences will remain a major obstacle to improved East-West relations. Moscow remains committed to supporting Communist and "socialist-oriented" regimes, still actively seeks to enhance its involvement in Europe, Asia, and the Third World, and continues to back selected revolutionary movements.

Moscow still employs unsavory practices to advance its objectives. Active measures campaigns against US interests continue. There is no evidence that even the reformers in the leadership would reject these practices altogether, although the Gorbachev leadership is likely to take steps to constrain excesses and will be more responsive to Western pressure on these issues:

- Moscow has during the last year reduced the amount of blatant disinformation in its own press

~~Secret~~

~~Secret~~

and has begun to participate in bilateral talks in which US complaints about disinformation are conveyed directly to Soviet political leaders. Nonetheless, stories accusing the United States of developing ethnic weapons, inventing the AIDS virus, and trafficking in body organs have continued overseas via covert press placements. We have seen no evidence that Moscow is prepared to exert influence on its allies and clients abroad—especially in the Third World—to curtail such activities.

- In an effort to bring its network of front groups—led by the World Peace Council—in line with new policies, Moscow has replaced individuals in senior leadership positions and pushed for measures that would allow diverse opinions to be voiced. While Soviet leaders are giving less priority to front groups, they and their Bloc allies continue to finance an agenda of front activities designed to promote Soviet positions on key issues such as arms control and human rights.
- Intelligence operations against the West are undiminished. Some key areas, such as illegal acquisition of technology, are receiving increased emphasis. Intelligence activities are likely to increase further as the Soviet presence abroad grows.

#### Military Power and Arms Control

Moscow's strategic reassessment extends to the core of its national security posture—the way it calculates its military requirements vis-a-vis the West and the optimum size and configuration of its armed forces. In the past, Moscow worked hard to build offensively oriented strategic and conventional forces that would give it a preponderance of power. The Soviet Union now appears to believe such efforts were often too costly, politically counterproductive, and militarily ineffective—and that Soviet national security can be ensured with smaller, less threatening military forces.

Changes in this sphere are driven by a variety of factors:

- Growing concern about the costs of maintaining, equipping, and modernizing a large standing army and the need to divert scarce resources to rebuild the civilian economy.

- A recognition that the military buildup in the past was excessive and enhanced NATO cohesion, triggered a Western buildup, increased tensions on Soviet borders, and in some respects eroded Soviet security.
- A growing awareness of the role of economic power and international diplomacy in national security calculations.

Evidence that the leadership is serious about taking steps to act on this reassessment and reduce resources devoted to defense has been accumulating steadily:

- Gorbachev's pronouncement of "reasonable sufficiency" as the guiding concept for the future size and structure of Soviet forces has opened a wide-ranging debate over military policy. While still ill defined, the concept has been used by reform spokesmen to argue that more modest force levels than Moscow has maintained in the past are sufficient for Soviet security. The unilateral cuts in conventional forces Gorbachev announced at the United Nations in December 1988 suggest that the reformers' arguments have prevailed.
- Since last summer political and military leaders have begun to speak with increasing frankness about Moscow's determination to base future improvements in military capability on qualitative rather than quantitative factors, to prepare for an era in which ground and naval forces will be receiving less arms and equipment, and to shift a growing proportion of defense industry production to civilian needs.
- The political leadership has taken steps to reassert its control of decisionmaking on national security issues in order to implement "new thinking." Gorbachev has challenged the privileged status enjoyed by the military under Brezhnev. Competing centers of defense and security analysis and more civilian involvement are being encouraged. The foreign ministry and the Central Committee apparatus are playing a more assertive role.

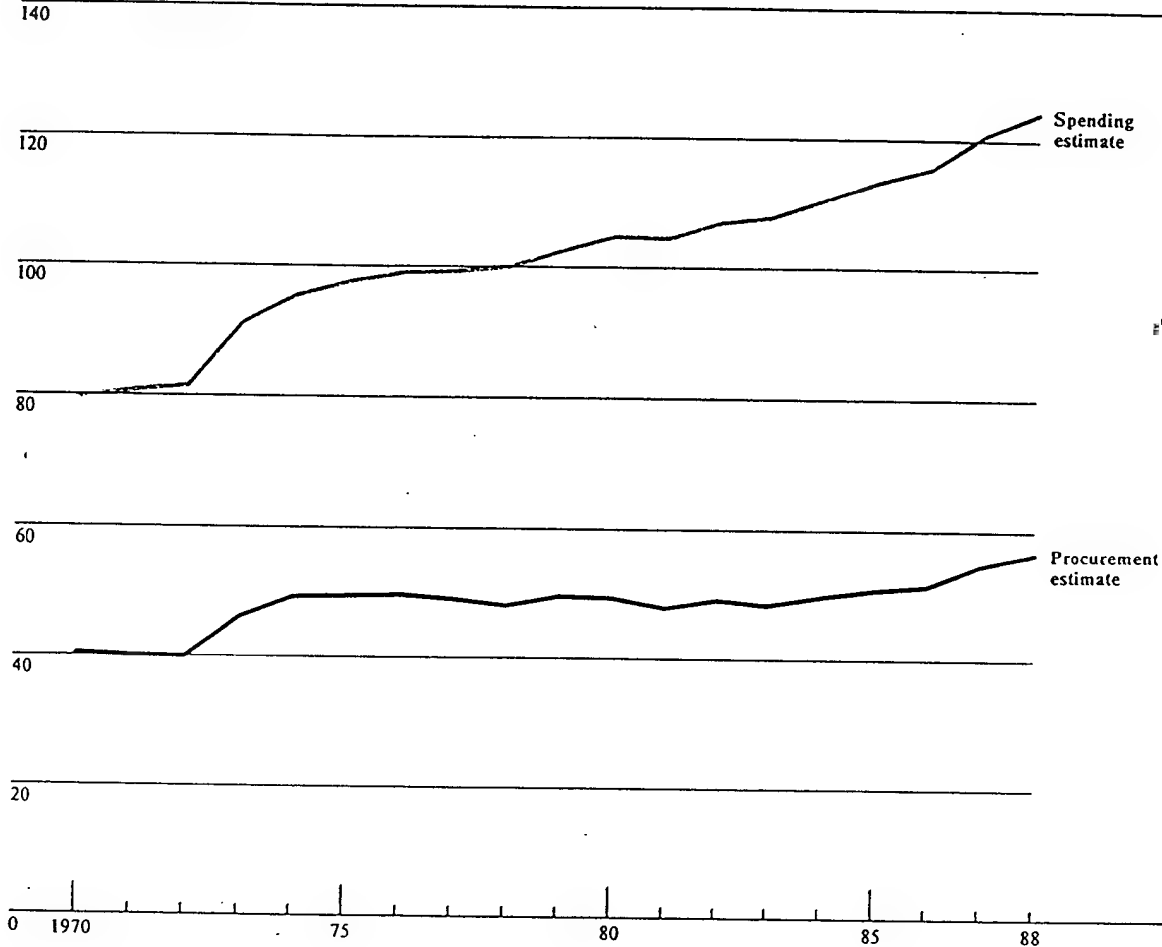
Not all Soviet officials share the new national security calculus on which Gorbachev's initiatives are based. Most military leaders probably support *perestroika* in

~~Secret~~

~~Secret~~

Figure 2  
Soviet Defense Expenditures, 1970-88

Billion constant 1982 rubles



~~Secret~~

320933 4-89

principle, but many are troubled by Gorbachev's dramatic unilateral gestures and shifts in negotiating posture and probably question his more benign depiction of the Western threat. We have little direct evidence, but we believe some political leaders share concerns about what they see as Gorbachev's excessively conciliatory posture. These concerns are likely

to play a role if Gorbachev's critics ever mount a political challenge. We believe, however, that Gorbachev is likely to retain the initiative on national security issues for the foreseeable future.

~~Secret~~

~~Secret~~

### Arms Control

To create a propitious political climate for such reductions in defense spending, Gorbachev is taking steps to ensure that Western arms programs are similarly constrained, making arms control central to his policy and agenda.

Arms control has been vital to the Soviets' efforts to shape the arms competition in their favor since the 1950s, but we believe it plays a more important role in Gorbachev's national security calculus:

- Gorbachev's innovations in doctrine and ideology, and his willingness to open the USSR to intrusive on-site inspections, remove key barriers that have traditionally limited Moscow's flexibility. At the same time, a looming domestic crisis gives him a far stronger economic incentive than his predecessors.
- Like other Soviet leaders before him, Gorbachev sees arms control as a means of limiting Western arms programs, but to achieve that objective he is willing to negotiate reductions in Soviet forces that go far beyond what his predecessors were prepared to contemplate.

Unilateral reductions are both a sign of Gorbachev's determination not to have his program held hostage by the negotiation process and a way of pressuring the West to be more forthcoming. Unilateral initiatives in a variety of areas are likely as a means to undermine support in the West for defense programs, "kick-start" arms control negotiations, and save resources at home. We believe Moscow prefers to achieve reductions primarily through negotiated agreements or reciprocal measures that maintain at least a rough parity with the West.

The Soviet approach to arms control also retains propagandistic elements. Many Gorbachev proposals are obviously self-serving or quixotic (nuclear-weapons-free zones, reductions in naval exercises, withdrawal from foreign bases, abolition of nuclear weapons). Nevertheless, Moscow is more willing than in the past to translate vague arms control concepts into specific negotiating proposals.

### Outlook

There is agreement in the Intelligence Community that this reassessment of military requirements is only now beginning to have an effect on Soviet forces.

### *The Soviet Defense Modernization Program*

*Despite changes in military doctrine under Gorbachev and the promise of significant reductions in the Soviet defense effort, the USSR has continued to field and modernize a potent military force:*

- *Since 1987, the Soviet Union has begun to deploy:*
  - *Two improved variants of silo-based ICBMs.*
  - *A rail-mobile ICBM.*
  - *The Blackjack supersonic strategic bomber.*
- *The Soviets also continue to deploy:*
  - *Road-mobile ICBMs.*
  - *Two new classes of submarines carrying ballistic missiles.*
  - *More modern air defense weapons.*
- *Tank production levels in 1988 reached their highest level in the postwar period.*
- *The Soviets will:*
  - *Probably deploy a Stealth bomber by the year 2000.*
  - *Extensively modernize their strategic nuclear forces so that by the late 1990s about half of their ICBMs will be mobile.*
  - *Field a variety of new high-technology conventional weapons.*

Modernization has proceeded apace under Gorbachev, and new highs in spending on military R&D as well as on hardware have been reached in his first four years. Our preliminary estimates suggest that the value of military procurement grew in real terms by about 3 to 4 percent per year during this period. But, despite these initial trends, we believe—on the basis of private and public comments and the regime's recent initiatives—that the leadership now intends to take steps over the next several years that will affect virtually all areas of the Soviet defense effort.

~~Secret~~



Gorbachev's success in consolidating power in a leadership shakeup last fall and the reduction in East-West tensions have improved his ability to move ahead forcefully with his defense agenda. Given the current ferment and flux in Soviet policy, we cannot predict the future with high confidence. But, if current policy trends in Moscow continue—and, in our view, they are likely to for at least the next few years—we believe the following developments are likely.

**Defense Spending.** In light of Gorbachev's recent actions and the public commitment of the defense industries to step up drastically their support for consumer programs, we now judge it likely that—barring a dramatic escalation of East-West tensions—Soviet defense spending in real terms will decline over the next couple of years, while efforts to reduce the defense burden will continue during the 1991-95 Five-Year Plan:

- The unilateral reductions Gorbachev announced at the United Nations in December, the withdrawal from Afghanistan, and the elimination of missiles and equipment under the INF Treaty could yield annual savings equivalent to about 6 percent of estimated Soviet defense spending in 1988 (7.5 billion rubles).
- Gorbachev's recent assertion that defense spending will be trimmed by 14.2 percent over the next two years—we estimate a 124-billion-ruble 1988 defense budget—implies that further cuts beyond those already announced are in the offing.
- To implement this pledge, we believe the Soviets are likely to reduce procurement in most areas. R&D may also be reduced, but we believe they are likely to sustain a strong R&D effort in the areas of space- and ground-based strategic defense systems, directed-energy and radiofrequency weapons, and advanced conventional munitions.
- To implement Gorbachev's companion promise to cut procurement by 19.5 percent, the Soviets are likely to stretch out procurement rates, phase out older weapons more rapidly, cancel some programs, and use greater selectivity in choosing weapon

programs to develop. We believe this will especially affect tank and military aircraft production, where the potential savings are substantial and the resources readily convertible to civilian needs.<sup>2</sup>

**Strategic Arms.** Achieving reductions in strategic arms—for military and political more than economic reasons—will remain high on the Gorbachev regime's agenda.<sup>3</sup> Completing work on a START agreement and constraining SDI will be top priorities in 1989. We believe the Soviets are likely to show further flexibility:

- They will continue to insist on a simultaneous reaffirmation of the ABM Treaty, but will settle for language that establishes a less explicit link to START reductions than does their current position.
- They may agree to defer the sea-launched cruise missile issue or accept a simple declaratory statement of limits.
- Gorbachev will dismantle the Krasnoyarsk radar if necessary to achieve a START agreement.
- The Soviets will not let verification become an obstacle.
- Should negotiations stall, Gorbachev may take unilateral steps—implementing some of the prospective START agreement's provisions—to generate additional pressure on US negotiators and capture the economic savings in the near term.

Follow-on strategic arms talks will raise additional complications, such as the need to factor other nations' forces into the equation. Moscow may well

<sup>2</sup> A successful diversion of resources from the defense sector to the civilian economy could do much to increase worker incentives and ease inflationary pressures, thereby paving the way for the eventual implementation of key economic reforms. Effecting such a diversion, however, will be no easy task given the inefficiencies that plague the Soviet economy.

<sup>3</sup> The outlook for Soviet strategic forces is discussed in greater detail in NIE 11-3/8-88, *Soviet Forces and Capabilities for Strategic Nuclear Conflict Through the Late 1990s*, December 1988.

pursue further reductions in strategic systems, but will insist on maintaining at least a rough parity with the West. Despite Gorbachev's call for the elimination of nuclear weapons by the end of the century, the Soviets will want to retain sufficient strategic forces for deterrent purposes and to buttress their superpower status, and we do not believe they see a total ban on nuclear weapons as a realistic objective.

*Conventional Arms.* The impact of new thinking on conventional forces is likely to be greater than on strategic arms:<sup>4</sup>

- Conventional forces are large and expensive to maintain and modernize. Without cuts here, the increased allocation of resources toward civilian use that Gorbachev wants would be impossible.
- Initiatives to reduce the USSR's conventional force preponderance have the greatest potential to undercut support in NATO for increases in defense spending and weapon modernization programs.

The reductions Gorbachev announced at the United Nations in December 1988—when implemented—will cut substantially into Soviet force structure in Central Europe and will significantly reduce the prospect of a short warning theater offensive. Moscow will retain the capability to conduct a major offensive into NATO territory after a period of mobilization. As Moscow implements these cuts over the next two years, it seems likely that the Soviets will argue the ball is now in NATO's court. Any new unilateral initiatives in the time frame of this Estimate may be addressed to other defense sector elements.

Over the longer term, we believe the leadership's recent statements and the ongoing ferment in military doctrine indicate Moscow will go much further:

- A majority of analysts believe that, over the next few years, Moscow will take additional steps to address remaining asymmetries that favor the

<sup>4</sup> The outlook for Soviet conventional forces is discussed in greater detail in NIE 11-14-89, *Trends and Developments in Warsaw Pact Theater Forces and Doctrine Through the 1990s*, February 1989.

Warsaw Pact and restructure and redeploy its forces into a more defensive posture. Moscow will prefer that any steps on this scale be part of negotiated arrangements with the West that also limit perceived Western advantages in air and naval forces. But, given the prospects for protracted negotiations, the potential for further unilateral initiatives remains high.

- By pointing approvingly to Khrushchev's announced demobilization of 1.2 million troops in January 1960, some Soviet officials are clearly arguing for substantial cuts beyond what Gorbachev promised at the United Nations.
- There has been some discussion at lower levels in the USSR of truly radical initiatives, including an abolition of universal service and a shift to a much smaller professional army manned by volunteers and supported by a large territorial reserve army structure. Such a force could reduce the costs associated with a large standing force and allow diversion of significant resources to the civilian economy and to high-technology conventional weapons. This discussion has provoked sharp rejoinders from senior military officials. We believe initiatives on this scale are unlikely during the time frame of this Estimate but we do not rule them out.

*Chemical Weapons.* The Soviet leadership will give a high priority during this period to reaching some kind of global CW convention that would stop the United States from modernizing its CW stockpile. How far to go in putting the Soviet arsenal on the negotiating table has probably been a subject of some controversy within the senior military and political leadership:

- On the one hand, Soviet Foreign Minister Shevardnadze has spoken out forcefully against chemical weapons to Soviet audiences, arguing that geographic considerations make chemical weapons a much greater threat to the USSR than to NATO; that Soviet CW stockpiles are "barbaric" and harm the USSR's reputation abroad; and that they represent a colossal waste of resources.

- On the other hand, on the basis of our own estimates, we believe official Soviet statements continue to obscure the scope of Moscow's CW stockpile.

President Bush's strong statements of his own interest in a chemical accord probably add to Moscow's interest in exploring the prospects, despite the difficult verification issues remaining. Further initiatives from Moscow are certain, and—given the uncertain prospects for a negotiated agreement—unilateral steps are likely. We believe Moscow will probably:

- Seek to undercut Western skepticism about Soviet sincerity by agreeing to intrusive on-site monitoring of some Soviet facilities, putting pressure on the United States to reciprocate.
- Clarify its willingness to go beyond the destruction of old CW stockpiles and address the issues of research and development of new CW agents and of CW proliferation in the developing countries.

Despite the changes in size and posture we believe are possible over the next five years or so, Soviet military forces will remain large, diverse, and increasingly modern, and will continue to pose a formidable threat to the West. Moscow will retain forces sufficient to launch large-scale offensive operations should war occur. The specific dimensions of the military threat that Soviet forces will present to the West over time remain to be determined and are beyond the scope of this Estimate.<sup>3</sup>

#### Policy Toward the Western Alliance

Moscow is giving greater priority than in the past to relations with Western Europe. Moscow's increased interest in the region reflects domestic as well as foreign policy considerations:

- The Soviets expect that Western Europe's global clout will grow and that non-US members of NATO will acquire greater influence within the Alliance.

<sup>3</sup> These issues are discussed in NIE 11-14-89, NIE 11-3/8-88, and the forthcoming NIE 11-15-89, *Soviet Naval Strategy and Programs Toward the 21st Century*.

Gorbachev protege Aleksandr Yakovlev, now in charge of the Central Committee Foreign Policy Commission, has underscored these trends in his writings and public remarks and argued that Moscow should take the potentially divergent interests of the United States and Western Europe into account as it pursues its national security agenda in the region.

- Moscow does not want to be left out as the European Community (EC) heads toward closer economic integration and growing economic power.
- Western Europe is a critical source of the foreign technology, investment, and trade that over the long run will be important to the success of *perestroika*. The West Europeans are seen in Moscow as more willing and reliable suppliers than the United States.

A series of new initiatives aimed at the West Europeans have shifted from heavyhanded military intimidation toward more sophisticated political approaches. Gorbachev is scheduled to visit the key West European capitals in the first half of 1989:

- Soviet leaders acknowledge that past policies toward the Alliance—such as the deployment of SS-20s and withdrawal from the INF talks in December 1983—triggered counterproductive Western responses.
- After years of criticizing the EC, the Soviets have decided that the potential benefits of relations—symbolized by the signing of an EC-CEMA cooperation agreement in June 1988—outweigh any risks to Warsaw Pact cohesion.
- Moscow's emphasis on the theme of a "common European home" symbolizes its shift from the stick to the carrot as it seeks to expand its influence while limiting that of the United States.
- Moscow's credentials in Western Europe will be enhanced by its willingness to give its East European allies substantial new room for maneuver. The Soviets will allow the East Europeans wide latitude

~~Secret~~

for expanded economic ties to Western Europe short of leaving the CEMA framework or taking steps that leave them excessively vulnerable to Western leverage.

While Gorbachev has spoken of a united Europe free of alliances and divisions and wants to reduce US presence and influence on the Continent, Moscow almost certainly accepts current alignments as a reality for the foreseeable future. Although concerned about NATO's military capabilities, the Soviet leadership sees NATO as providing certain benefits: helping to preserve European stability, managing the German question, inhibiting the development of an independent European military organization, and influencing and even restraining the United States. Taking steps to end the political division of Europe for the foreseeable future would also run serious risks in Eastern Europe. Soviet accounts of an important foreign ministry conference in Moscow last summer reported a consensus view that attempting to decouple the United States from Western Europe would at least for now be counterproductive.

#### Outlook

While Moscow's ultimate goal is a Western Europe closer to the USSR and more distant from the United States, we believe that, for the time frame of this Estimate and indeed well beyond, Soviet objectives are more modest:

- Moscow will attempt to translate its more benign image under Gorbachev into tangible gains—expanding economic ties and technology sales, slowing modernization of NATO's conventional forces, and undercutting support for defense spending in Western Europe—and more generally into an expansion of Soviet influence on the Continent.
- Blocking modernization of NATO's short-range nuclear weapons will be a top priority. Gorbachev is likely to announce some unilateral reductions in Moscow's arsenal of short-range nuclear forces as early as this year as NATO approaches a decision on modernization of the Lance missile.
- Moscow's interest in maintaining stability on the Continent will limit its initiatives on West Germany and Berlin. The Soviets hope that West German

concerns about becoming the battlefield in a future war can assist them in impeding NATO's plans to modernize its nuclear and conventional arsenal. Gorbachev will attempt to cultivate a separate relationship with West Germany that covers security as well as economic issues. Soviet initiatives that play to Bonn's interest in improving relations with East Germany are likely; there are even hints of flexibility concerning the Berlin Wall. Soviet and East European sensitivities about a resurgent Germany, however, will, in our view, prevent Moscow from condoning any serious steps toward reunification or from launching any other initiatives that would raise questions about the basic postwar framework.

#### Competition in the Third World

The Soviets are engaged in a broad-range review of their objectives and strategy in the Third World that directly affects their relations with the West. They now believe that their past policies failed to achieve what they had hoped in terms of lasting gain and redressing the East-West balance. At the same time, they incurred some significant economic and diplomatic costs:

- Soviet leaders have ceased to see the Third World as ripe for leftist revolution or adding to the socialist camp.
- Current Soviet policy is more pragmatic and less encumbered by ideological blinders.
- Given the importance of reduced East-West tensions to Gorbachev's agenda, Moscow is more careful to consider how its actions affect broader Soviet interests, including relations with the West:

Under Gorbachev the accent is on political rather than military competition and on finding political solutions to regional conflicts. Moreover, the Soviets emphasize there are limits to Soviet largess and that leftist Third World regimes must bear greater responsibility for their own revolutions.

~~Secret~~

~~Secret~~

The Soviets, nevertheless, continue to see the Third World as a region of rivalry with the West:

- They continue attempts to reduce US influence and especially the US military presence. Moscow expects that its initiatives to assume a less threatening and more cooperative image will create an international atmosphere less tolerant of a major US military presence.
- Moscow continues to back Communist allies and to selectively support client states and some revolutionary movements (notably the African National Congress, the South-West African People's Organization, and the Farabundo Marti National Liberation Front in El Salvador).

Under Gorbachev, Moscow is assigning a much more important role in carrying out its strategy in the Third World to international organizations, and particularly to the United Nations. Moscow is probing for ways to exploit UN peacekeeping mechanisms as a means to constrain unilateral US initiatives and enlarge its own role.

#### Looking Ahead

Moscow will continue low-profile support when feasible to leftist insurgencies and groups that are deemed to have some future, mainly those that will not require massive Soviet assistance. The Soviets will press their allies and clients to be sensitive to broader Soviet interests and to eschew behavior that could excessively antagonize the Western powers:

- Soviet clients in the Third World will also be encouraged to undertake economic and political reforms and to accept and even seek Western economic assistance.
- Soviet economic and military assistance to Third World clients will in many cases be scaled back as agreements are renegotiated. Even allies of special importance (Cuba, Vietnam, Angola, Ethiopia, South Yemen, Nicaragua, and Afghanistan) are likely to feel the pinch, although they will continue to receive substantial aid.
- Given Moscow's limited economic capacities, the Soviets will continue to push arms sales for barter or hard currency. Military assistance will remain the

primary feature of Soviet relations with many Third World countries and may be offered at favorable terms in order to help expand Soviet influence in countries of special importance to Moscow.

- It is highly unlikely that Moscow will become directly involved in military support to a leftist seizure of power in the Third World as it did in the 1970s.
- Moscow will give greater priority to relations with the newly industrializing countries and traditionally pro-Western states.
- Soviet military forces (primarily naval and naval air) will remain deployed to several Third World locations, particularly the eastern Mediterranean Sea. We believe there is a good chance, however, that Moscow may draw down its forces in some areas. We see some chance that Soviet naval forces will withdraw from Cam Ranh Bay during the time frame of this Estimate. Although the Soviets may in some cases seek to expand existing military access arrangements, we believe they are unlikely to seek any new foreign basing arrangements.

Moscow will be more supportive than in the past of negotiated settlements in regional conflicts, although its behavior will depend on the potential impact on relations with the West or other key regional powers, and also on the economic cost to Moscow of supporting such a conflict:

- In the Middle East, the policy of "neither peace nor war" no longer suits Soviet interests. The potential threat that a conflict poses to Soviet security and to relations with the Western powers ensures that Moscow will support a peace process in which it has a role, while leaning on its Arab clients and the PLO to be more cooperative in the process.
- In Central America, Moscow will counsel Nicaragua's President Ortega to take advantage of regional peace initiatives, limit support for regional leftist insurgencies, move toward more pragmatic economic policies, and seek economic aid from a variety of

~~Secret~~

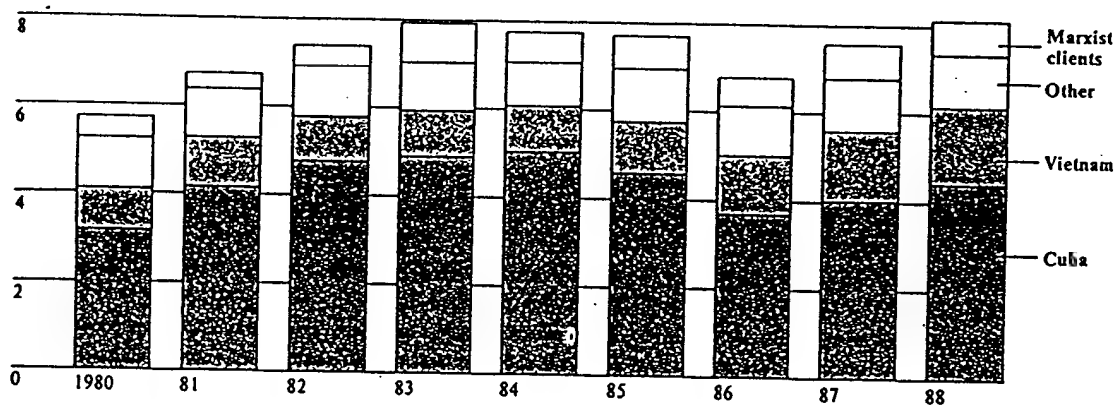
~~Secret~~

**Figure 3**  
**Soviet Economic Aid Disbursements to Selected LDCs**

Billion US \$

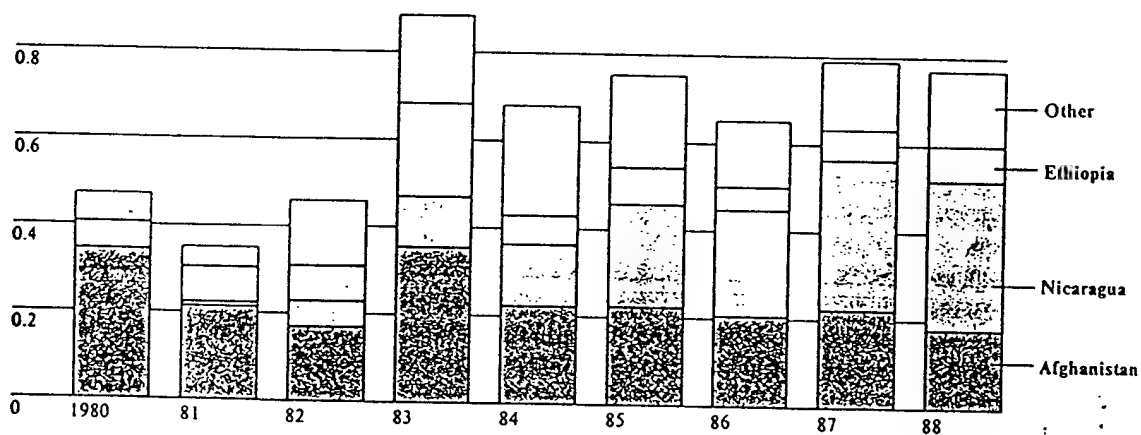
Communist LDCs

10



Marxist clients

1.0



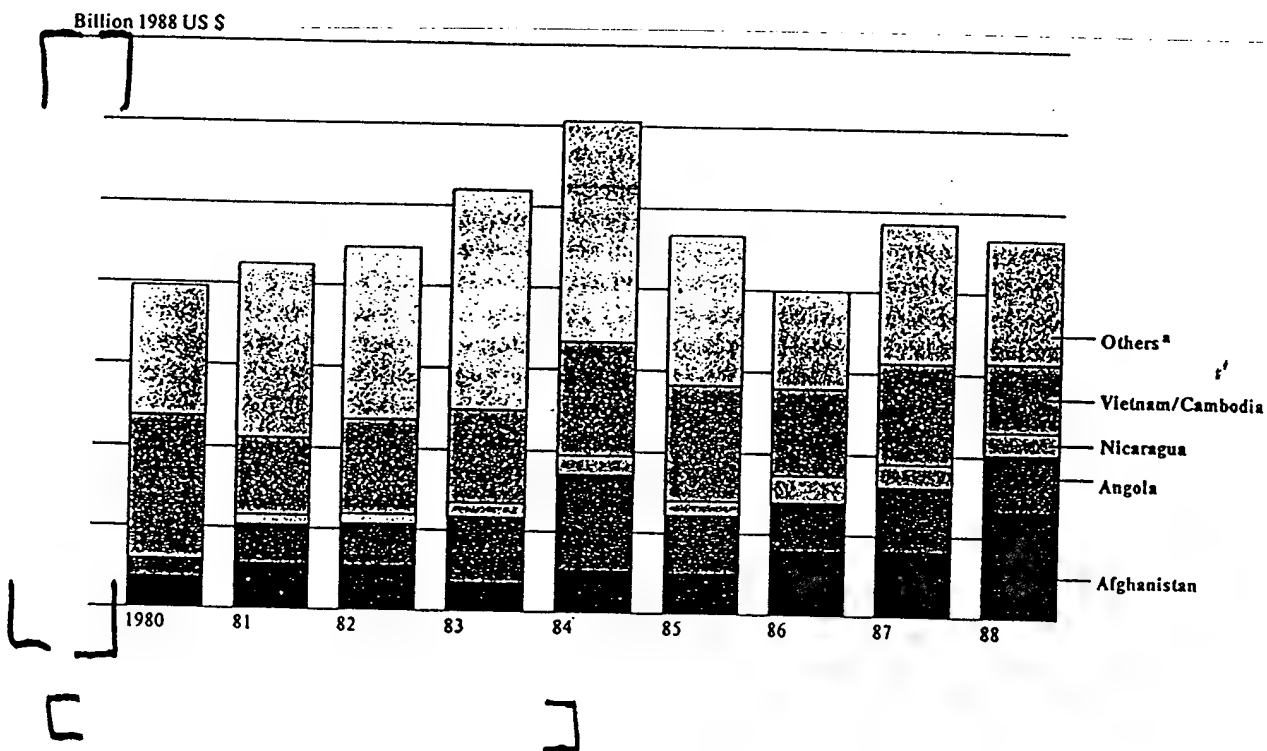
Note: The numbers for Communist countries have been revised as a result of recent study.

~~Secret~~

321380 4-89

~~Secret~~

Figure 4  
Soviet Arms Deliveries to Marxist and Communist Clients, 1980-88



~~Secret~~

320932 4-89

donors. While encouraging internal reforms, the Soviets will work to keep Nicaragua a Marxist-Leninist state.

- Moscow sees the Horn of Africa as another potential arena for joint US-Soviet efforts to encourage a political settlement.

#### Prospects for Gains and Losses

These changes in Soviet approach have already produced some important successes for Moscow. To a substantial degree, Gorbachev has already undercut

the fundamental mistrust that has sustained resistance in the West and most of the Third World to expansion of Soviet political, economic, and military influence. If current trends continue—and we believe they will—he is likely to make substantial progress toward the objectives that drive this change in approach:

- Building on the gains he has already made, Gorbachev will succeed in creating an extended respite from East-West tensions and a more stable international environment conducive to undertaking disruptive internal reforms.

~~Secret~~

- Existing pressures within the Western Alliance to slow the pace of defense modernization, reduce standing military forces, and limit defense spending will be further strengthened—with or without arms control agreements—thus facilitating Moscow's effort to reduce the defense burden, make additional troop cuts, and concentrate on rebuilding the Soviet economy.

- Western interest in broadening trade, technology sales, and financial and other economic ties to the USSR will increase as a result of a more lenient political attitude toward involvement in *perestroika*. (Serious economic constraints, such as the difficulty of repatriating profits and Moscow's lack of hard currency, will remain.)

But Moscow is playing from a weak hand as it attempts to translate an improving image abroad into tangible, lasting benefits. Its use of military power as a lever of influence is likely to decline further, while it will face persisting economic and political weaknesses that *perestroika* will do little to alleviate in the time frame of this Estimate. In particular, even if Gorbachev's reforms begin to take hold, the USSR is not likely to be a major global economic player until well into the next century, if then:

- *The Western Alliance.* New incentives will be created for individual Alliance members to pursue parochial agendas with Moscow. Changing attitudes toward the USSR in Western Europe will complicate Alliance management. Alliance unity on some key security issues will be seriously tested, but West European support for a US military presence on the Continent will not, in our view, be significantly eroded.
- *The Third World.* Many Third World countries will welcome the USSR's new international respectability as an opportunity to improve ties to Moscow—aiming to advance their own regional agendas and to gain some leverage on the United States. Moscow is likely to be able to capitalize by playing a larger role on regional issues—such as a Middle East peace settlement—where it has long been odd man out. Local opponents of US military facilities in the Third World will be emboldened to press their case as perceptions of a Soviet threat decline. Soviet activity and presence will increase, affording

Moscow new opportunities for influence and intelligence operations. But the fundamental geopolitical interests of developing countries will incline them to continue good relations with the West, while economic weakness will significantly limit Moscow's relevance to the main issues confronting them.

Moscow may well suffer losses that will offset some of its potential gains—losses that could ultimately serve to discredit the course Gorbachev has set and give support to those who are arguing for a more cautious course:

- In a more relaxed climate, there is a significant chance that some East European countries—or populations—will try to move beyond even the expanded leeway for political and social change that Gorbachev seems to be allowing. Moscow's alliance structure and cohesion may be challenged even sooner than ours.
- Moscow's unorthodox foreign policy departures and its reductions of material support will lead some Soviet Third World clients to explore improved ties to the West.

Gorbachev and his allies in the leadership can nevertheless more easily point to the successes of their reform agenda in the international arena than they can at home, where political reforms have produced turmoil and economic reforms have yet to produce significant results. Successes on the foreign front will continue to strengthen their hand during the time frame of this Estimate, but will by no means ensure their survival or the success of the reforms.

#### The Future of Soviet Strategy: With and Without Gorbachev

Our reporting suggests that Gorbachev's radical departures from past policy have been and probably will continue to be controversial with elements of the elite. The radicalization of his agenda over the past year or so has evidently deepened the controversy:

- Public statements of Politburo members Ligachev and Chebrikov suggest that they are less enthusiastic supporters of "new thinking" than other members of the Politburo.

~~Secret~~



- Party conservatives and members of the military and security elites have criticized specific decisions such as the unilateral nuclear testing moratorium, the acceptance of asymmetrical reductions in the INF Treaty, and unilateral force reductions.

#### Scenarios Under Gorbachev

Nevertheless, Gorbachev has continued to outmaneuver his critics and to improve his ability to carry out his foreign policy and defense agenda. We believe a continuation and consolidation of current trends is the most likely scenario in the next few years:<sup>4</sup>

- It is widely recognized in Moscow that the Gorbachev foreign policy has contributed to a dramatic improvement in the USSR's international image and to its security.
- Gorbachev will continue to move cautiously to prepare the groundwork for potentially controversial initiatives.
- He will continue to gradually remove defenders of the old order. With his downgrading of leading conservative critic Ligachev last fall, he put nay-sayers on notice that they will pay a price for resisting his program.
- Gorbachev is shaking up the entire foreign policy and national security apparatus so that it will better serve his agenda. The foreign ministry and party foreign policy apparatus have already undergone substantial reorganization and the military, intelligence, and security services reportedly will soon do so as well.

#### Potentially Disruptive Developments

Gorbachev's reform agenda has so far produced considerable economic disruption and political turmoil, with few positive results to show for it. The situation is likely to get worse before it gets better. Short of the

<sup>4</sup> Our judgments about Gorbachev's staying power are based on his strong political skills, his willingness to tack with the political winds if necessary, and the success he has already achieved in outflanking conservative opponents in the party. These issues will be discussed in greater depth in the forthcoming NIE 11-18-89, *Prospects for Gorbachev and His Reform Agenda Over the Next Four Years*.

overthrow of Gorbachev, we believe the new leadership's strategy toward the West is relatively invulnerable to such bad news on the home front.

Up to a point, the prospect of continuing domestic turmoil is likely to reinforce sentiment in favor of a respite from East-West tensions. Continued economic decline could push Moscow to move more quickly to reduce trade barriers and elicit assistance from the West, especially on the consumer front. Political instability, on the other hand—particularly if it was nationality based—could lead Moscow on a selective basis to reimpose constraints on contacts between Soviet citizens and the West, limit travel opportunities, resume some jamming of Western radios, and tighten the constraints on *glasnost*.

Serious instability in Eastern Europe would probably pose the greatest risk to Gorbachev's approach to the West. Moscow is tolerating and even encouraging significant steps in the Bloc toward greater independence in domestic and foreign policy. Moscow's tolerance has fueled new and rapidly growing pressures for change in the region, especially in Poland and Hungary. Precipitous steps toward greater independence by an East European regime—raising the prospect of a loss of party dominance or a challenge to the integrity of the Pact—would raise alarms in Moscow and strengthen sentiment in favor of a crackdown in the region and the reimposition of tighter controls on East-West contacts.

A reescalation of US-Soviet tensions—perhaps provoked by a crackdown at home or in Eastern Europe—could also throw Gorbachev's strategy off track. There is already some sentiment in the leadership that Gorbachev has moved too quickly in his drive to improve relations with the Western powers and given away too much. A shift in Washington toward a harshly anti-Soviet policy could reinforce these concerns and lead Gorbachev to tack in a conservative direction.

This development would probably not lead the leadership to roll back initiatives already taken, but it would almost certainly strengthen those arguing that

Moscow should "pause" in its efforts to forge better ties to the United States and place more priority on cultivating the West Europeans. It could also limit Gorbachev's freedom of maneuver in negotiations and his ability to transfer additional resources from defense to the civilian economy.

#### Scenarios Without Gorbachev

How Soviet policy would change without Gorbachev would depend on the timing and the circumstances surrounding his departure. We do not believe a return to the confrontational policies of the past is likely. But there could be some significant retrenchment from Gorbachev's more forthcoming approach to the West and a resulting increase in East-West tensions:

- If Gorbachev were to die in office, we believe his policies would survive him at least in the short run. Gorbachev would most likely be replaced by a moderate reformer or by one of several allies on the Politburo who seem as radical or more so than he is. Either would attempt to maintain the current course, although the removal of Gorbachev's forceful personality and political skills would be bound to slow the pace of change. Because Gorbachev probably will continue to remove opponents of his policies from the Politburo, over time the probability that Gorbachev's course would persist is likely to increase.
- If Gorbachev were to be ousted from office in the next few years, he most likely would be replaced by a more orthodox figure favoring a distinctly more cautious course on domestic and foreign policy. Such a leadership would probably voice support for *perestroika* in general, while in practice moving to gut some of Gorbachev's most controversial initiatives to liberalize the political system and introduce market elements into the economy. It would be difficult for any regime to improve Soviet economic performance without constraining defense spending, but a more orthodox leadership would almost certainly be more supportive of military and defense industry interests. It would probably eschew meaningful unilateral arms control concessions or force cuts, be more supportive of leftist allies abroad, and take a more conservative approach to the reorganization of the military and security services. Such a

regime would not necessarily pursue more confrontational policies, but its harder line on a range of foreign and domestic issues would probably lead to an increase in East-West tensions.

- We see little chance that any alternative regime would find it in the Soviet interest to revert to an openly confrontational strategy toward the West that would entail a major new military buildup or aggressive policies in the Third World. Political instability serious enough to threaten central control—while unlikely in our view—would increase the chances that a xenophobic leadership advocating such a course could come to power.
- We see even less chance of a leadership coming to power that attempts to pursue a more radical effort than Gorbachev to engage the West and integrate the USSR into the international community.

#### Implications for Western Policy

Under almost any scenario, the USSR will remain the West's principal military and political adversary. *Perestroika*, however, is changing the nature of the Soviet challenge. Soviet policies that mute Cold War rhetoric and reduce the West's perception of hostility and danger threaten to undermine the philosophical and institutional framework the West has developed over the last 40 years for containing and combating Soviet and Communist expansionism. It will become increasingly difficult for the West to approach East-West relations from the same perspective, rhetoric, and policies as in the past. Western policies will have to sell in a more challenging market where the perception of threat is significantly reduced while competition remains strong.

At the same time, the processes Gorbachev has set in motion create new opportunities to realize objectives Western policy has long sought. These processes will continue to:

- Erode the xenophobia and two-camp mentality that have traditionally driven Soviet hegemonic ambitions.

### *The Long-Term Outlook*

*There is general agreement in the Intelligence Community over the outlook for the next five to seven years, but differing views over the longer term prospects for fundamental and enduring change toward less competitive Soviet behavior:*

- Some analysts stress Gorbachev's political vulnerability, the opposition to real change in the party, military, and security elites, and the unpredictable consequences of the turmoil he has fostered in the system. They point to a history of failed attempts to reform the Soviet system and are reluctant to make long-range predictions about the future. In any event, they see Gorbachev's changes as largely tactical, driven by the need for a respite from the competition. They suspect that less confrontational policies may last only as long as necessary to achieve the expected gains in economic performance—albeit into the next century—and see a serious risk of a return to traditionally assertive behavior when that time arrives.*
  - Other analysts stress Gorbachev's political strength and cunning and the strong forces—societal pressures and global trends—behind the reform process. They view the current effort at reform as far deeper and more comprehensive than past attempts and see current changes as driven by a fundamental rethinking of national interests and ideology as well as by more tactical considerations. They see temporary retrenchments as possible and even likely, but believe Gorbachev's changes will more likely than not have sufficient momentum to endure, producing lasting shifts in Moscow toward a more open society, more cooperative behavior in the Third World, and a significantly reduced emphasis on military competition.*
- Pave the way for the significant reduction of forward-based Soviet military power in Europe.
  - Weaken Soviet hegemony and expand individual liberties in Eastern Europe.

- Undercut support for radical leftists in the Third World.
- Further weaken the claims of the military on the Soviet budget.
- Facilitate movement toward institutional guarantees for individual liberties in the USSR.

There are limits on the West's ability to influence this process:

- Gorbachev and his colleagues have made clear that they plan to proceed in current directions whether or not the West reciprocates.
- Western assistance can affect Soviet economic performance only at the margins.
- In the long run, Gorbachev's fortunes and the fate of his policies will rest more on domestic factors—the ability to control domestic disorder and to improve economic performance—than on foreign policy successes.

Nevertheless, Western influence over Soviet foreign, defense, and domestic policies is probably greater than ever before:

- While Gorbachev has the initiative and the ability to make foreign policy innovations more quickly than the Western democracies, the USSR's domestic troubles give him the weaker hand and the greater need for a less confrontational relationship.
- Gorbachev recognizes that successes abroad help bolster his position at home. His ability to claim success will be dependent on how the West responds to his initiatives.

Gorbachev will not endanger Soviet security or give in to what he perceives as blackmail, but he has already shown that he is prepared to force through dramatic changes in past Soviet policies—even at some risk to his political position—in order to address longstanding Western concerns.

### *Origins of "New Thinking"*

*"New thinking" has come to stand for a number of theoretical tenets—from deemphasis on military struggle and class warfare to "reasonable sufficiency" in defense to a reassessment of the costs and benefits of Third World involvement—that Gorbachev has set forth as guiding principles of his foreign policy.*

*While Gorbachev has brought these new concepts to the fore, many of them have a long history. Some got their start under Khrushchev, in the thaw that followed Stalin's death:*

- Although he never used the term, Khrushchev made a number of basic theoretical alterations—discarding Stalin's dogma on the inevitability of war and resurrecting peaceful coexistence.*
- Many current "new thinkers," including Gorbachev, began their political and academic careers during the Khrushchev years.*

*The Brezhnev years were marked by a more conservative political tone. But the regime tolerated a broadening discussion in academic circles of many of the components of new thinking—such as the risks of regional conflicts, the changing nature of capitalist societies, and the meager prospects for Communist gains in the Third World.*

*The formation and growing prominence in the postwar years of a number of foreign policy think tanks under the auspices of the Academy of Sciences played a key role in the dissemination of new thinking. Most of the well-known proponents of new thinking have their origins in or still work in a handful of these institutes.*

*Most of the ideas that Gorbachev has touted under the rubric of new thinking in fact have their origins in the West. Well before new thinking, Western concepts such as "interdependence," balance of interests, and mutual security were appearing in Soviet academic journals and unofficial remarks.*

*Gorbachev has sought to institutionalize new thinking by promoting its proponents at every opportunity to positions of prominence in the party apparatus and the media. New thinkers are noticeably prominent in the major academic institutes and the foreign ministry. Were the political climate in Moscow to shift, however, proponents of more orthodox approaches to international affairs could again assume more influential positions.*

### **Indicators of Enduring Change**

As evidence of Moscow's progress over the next two to three years toward fulfilling the promise of more responsible behavior, we will be watching for:

- Soviet acceptance of real liberalization in Eastern Europe.
- Full implementation of announced force reductions.
- A substantial conversion in the defense industry to production for the civilian economy.

Over the longer term, we believe the most reliable indications of progress toward—or retrogression from—enduring change in the USSR will not be in any specific list of policy changes but in evidence of a more open society and relationship with the outside world:

- Institutional changes that implement a more pluralistic decisionmaking process on national security issues, such as establishing an effective mechanism for oversight of foreign policy and defense issues by the USSR Supreme Soviet (legislature).

- The institutionalization of *glasnost* in the national security realm, providing for release of significant data about the Soviet defense budget and sanctioning a vigorous debate about foreign and defense policy options.
- Playing a responsible, nonconfrontational role on transnational issues (such as terrorism, narcotics, and the environment) and in international bodies such as the United Nations.
- Significant steps toward greater interdependence with the global economy, making the ruble a convertible currency (not likely in the period of this Estimate) and exposing the Soviet economy to foreign competition.
- Progress toward the rule of law, including sharp curtailment of the security organs' extralegal activities.
- A significant relaxation of the barriers to free travel and emigration.

<sup>a</sup>  
~~Secret~~

Secret